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BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM A. MUNDELL
Chairman

JIM IRVIN
Commissioner

MARC SPITZER
Commissioner

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF)
BUEHNER-FRY, INC. D/B/A/ RESORT)
OPERATOR SERVICES FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY TO)
PROVIDE COMPETITIVE RESOLD)
INTRASTATE TELECOMMUNICATIONS)
SERVICES.)

DOCKET NO. T-02764A-94-0140

STAFF'S FAIR VALUE RATE
BASE COMMENTS

The October 26, 2000 Procedural Order in this matter requires Buehner-Fry, Inc. ("Buehner-Fry") to provide fair value information in support of its application for a CC&N. That order also requires Staff to file comments on that information by March 9, 2001.¹

Buehner-Fry has not provided information that is sufficient to allow Staff to perform an analysis and provide a recommendation for a fair value finding in this case. Staff recommends that Buehner-Fry be required to file in this Docket, within eighteen months of the date it first provides service following the requested certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. Staff believes that this information must include, at a minimum, the following:

1. A dollar amount representing the total revenue for the first twelve months of telecommunications service provided to Arizona customers by the Company following certification, adjusted to reflect the **maximum rates** that the Company has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold for all services offered times the maximum charge per unit;
2. The total actual operating expenses for the first twelve months of telecommunications service provided to Arizona customers by the Company following certification; and

¹ The October 26, 2000 Procedural Order also ordered Staff to review the FVRB information filed and ascertain that Buehner-Fry is utilizing the appropriate amount of depreciation and capital carrying costs in determining its minimum and maximum rates. The information filed by Buehner-Fry is insufficient to allow Staff to so ascertain.

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1 Steven C. Johnson
2 Buehner-Fry, Inc. d/b/a/ Resort Operator Services
3 62975 Boyd Acres Road, Suite 3
4 Bend, Oregon 97701

5 Lyn Farmer
6 Chief Administrative Law Judge
7 Arizona Corporation Commission
8 1200 West Washington Street
9 Phoenix, Arizona 85007

10 Deborah Scott
11 Director, Utilities Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 *monica D. martinez*
16 Assistant to Teena Wolfe
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